

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1496 – HB 1727

March 11, 2018

SUMMARY OF ORIGINAL BILL: Establishes new values at which local government can sell land previously acquired through condemnation. Establishes damages a court may award an original property owner if a local government is found in violation.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Passage of this legislation could result in decreases to local government revenue. The extent and timing of any such impacts is dependent upon multiple unknown factors and cannot reasonably be determined.

SUMMARY OF AMENDMENT (014695): Deletes all language after the enacting clause. Establishes new values at which a local government can sell land previously acquired through condemnation to the original property owner or owners. Authorizes former property owners to request a statement of intent for public use regarding property taken through condemnation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The provisions of this legislation are only applicable to actions taken by local governments.
- The former property owner is authorized to request a statement of intent for public use from the condemning local government no more than once every two years.
- The statement of intent provided to the former property owner must state the public use for which the local government intends to use the property and a description of the intended plan for any improvements on the property.
- Requiring local governments to provide such statements will not result in any significant fiscal impact to local government.
- Under current law, pursuant to Tenn. Code Ann. § 29-17-1005, if a condemning authority decides to sell land which was taken through condemnation within ten years of

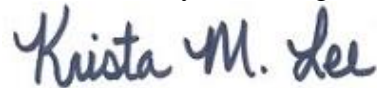
SB 1496 – HB 1727

being taken, the property is first offered for sale to the former property owner for a price of not less than fair market value, together with costs.

- The proposed amendatory language would require local governments, when selling such land within ten years of condemnation, to offer the land first to the former property owner for the lesser of either (1) the price paid to the former property owner, plus the appraised fair market value of any improvements made to the property after condemnation, and an amount equal to the average amount of interest that would have accrued on the amount paid to the former property owner if held in U.S. treasury bonds, or (2) not less than fair market value of the property.
- For any instance in which a former property owner elects to purchase such land, it will result in a decrease in local government revenue.
- Due to multiple unknown factors such as, how many local governments will opt to sell land acquired through condemnation within ten years of condemnation, the extent of revenue the local government would have received in the absence of this amendatory language, and the extent of any revenue the local government will receive upon passage of this amendatory language, a precise impact on local government revenue cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jrh